GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:223
ANSWERED ON:14.03.2008
INFLATION
Rana Shri Kashi Ram;Singh Deo Smt. Sangeeta Kumari

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has been able to check the price rise and inflation;

(b) if so, the details thereof during the last two years on quarterly basis;

(c) whether the Reserve Bank of India (RBI) has apprehended any upward pressure of inflation; and

(d) if so, the details thereof and the steps taken by the Government in this regard?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a)to(d):A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA QUESTION ON MARCH 14, 2008 BY SHRI KASHIRAM RANA AND SHRIMATI SANGEETA KUMARI SINGH DEO

(a) Government accords topmost priority to controlling inflation, which is constantly monitored and reviewed.The headline inflation, as measured by WPI, as on February 23, 2008 at 5.02 per cent was lower than 6.20 per cent recorded a year ago. The current inflation rate for primary articles and manufactured products also decelerated to 6.28 and 4.33 per cent from 11.58 and 6.11 per cent respectively, recorded a year ago. Annual inflation rate for the fuel and power group accelerated to 5.64 per cent from February 24, 2007,but, this group contributes less than a quarter of the overall price rise.

(b) The year-on-year quarterly inflation based on average Wholesale Price Index is indicated in the table below:

Table: Quarterly inflation rates based on WPI (per cent)

Year/ Quarter	All commodities	Primary articles	Fuel group	Manufactured products
2006-07				
Apr-Jun	4.6	6.0	8.8	2.4
Jul-Sep	5.1	6.2	7.0	3.9
Oct-Dec	5.6	8.0	4.5	5.0
Jan-Mar	6.4	11.1	2.3	6.3
2007-08				
Apr-Jun	5.4	9.8	0.3	5.7
Jul-Sep	4.1	8.9	-2.0	4.8
Oct-Dec	3.4	4.7	0.5	4.1
Jan-Feb(P)	4.3	4.5	4.3	4.2

P: provisional

(c)and(d) Through its anti-inflationary monetary policy, the Reserve Bank of India supports government's policy of non-inflationary growth.

Anti-inflationary policies of the government include fiscal discipline, rationalization of duties of essential items, effective supply-demand management of essential commodities through liberal tariff and trade policies, and strengthening the public distribution system. The policies of the Reserve Bank of India and of the Government complement each other.